

CONFERENCE COMMITTEE REPORT
House Bill No. 754 By Representative Robideaux

June 1, 2012

To the Honorable Speaker and Members of the House of Representatives and the Honorable President and Members of the Senate.

Ladies and Gentlemen:

We, the conferees appointed to confer over the disagreement between the two houses concerning House Bill No. 754 by Representative Robideaux, recommend the following concerning the Reengrossed bill:

1. That Senate Committee Amendments Nos. 1 through 9 of the set of 11 amendments proposed by the Senate Committee on Finance and adopted by the Senate on May 10, 2012, be adopted.
2. That Senate Committee Amendments Nos. 10 and 11 of the set of 11 amendments proposed by the Senate Committee on Finance and adopted by the Senate on May 10, 2012, be rejected.
3. That the set of three Floor Amendments proposed by Senator Riser and adopted by the Senate on May 21, 2012, be adopted.
4. That Senate Floor Amendment Nos. 1 through 4 and 6 through 8 proposed by Senator Claitor and adopted by the Senate on May 21, 2012, be adopted.
5. That Senate Floor Amendment Nos. 5, 9, and 10 proposed by Senator Claitor and adopted by the Senate on May 21, 2012, be rejected.
6. That the following amendments be adopted:

AMENDMENT NO. 1

In Senate Committee Amendment No. 4 of the set of 11 amendments proposed by the Senate Committee on Finance and adopted by the Senate on May 10, 2012, on page 1, at the end of line 14, change "(4)" to "(d)"

AMENDMENT NO. 2

In Senate Committee Amendment No. 5 of the set of 11 amendments proposed by the Senate Committee on Finance and adopted by the Senate on May 10, 2012, on page 1, at the end of line 16, change "(5) Two" to "(e) Five"

AMENDMENT NO. 3

In Senate Floor Amendment No. 3 of the set of three Senate Floor Amendments proposed by Senator Riser and adopted by the Senate on May 21, 2012, on page 1, line 11, after "by the" delete "procurement processing" and insert "purchasing"

AMENDMENT NO. 4

In Senate Floor Amendment No. 3 of the set of three Senate Floor Amendments proposed by Senator Riser and adopted by the Senate on May 21, 2012, on page 1, line 17, after "by the" delete "procurement processing" and insert "purchasing"

AMENDMENT NO. 5

On page 2, line 10, after ""fund". and before "The" insert the following:

"The fund shall be composed of two accounts: the UAL Account and the Specialized Educational Institutions Account."

AMENDMENT NO. 6

On page 2, line 13, after "shall" delete the remainder of the line and delete line 14 in its entirety, and insert "be deposited into the UAL Account."

AMENDMENT NO. 7

On page 2, line 21, after "C." and before "in" delete "Appropriations from the fund" and insert "(1) Appropriations from the Specialized Educational Institutions Account"

AMENDMENT NO. 8

On page 2, line 22, after "in this" and before the semi-colon ":" change "Subsection" to "Paragraph"

AMENDMENT NO. 9

On page 2, after line 29, insert the following:

"(2) Appropriations from the UAL Account shall be exclusively for additional payments against the unfunded accrued liability of the public retirement systems as provided in Subsection (B)(1) of this Section."

AMENDMENT NO. 10

On page 4, line 25, after "expenses." delete the remainder of the line and delete line 26 in its entirety and insert the following:

"From the collections of new state sales tax revenue generated by new"

AMENDMENT NO. 11

On page 5, delete lines 4 through 12 in their entirety and insert the following:

"The state sales tax revenues generated as a result of the activities of purchasing companies pursuant to this Section which are deposited into the state general fund shall thereafter be disbursed during each fiscal year in the following order of priority:

(1) The payment of rebates to procurement processing companies by the secretary of the Department of Revenue in accordance with the provisions of a contract, which payments shall be made from current sales tax collections pursuant to Paragraph (D)(1) of this Section.

(2) Retention by the department of amounts necessary to provide for the expenses of the department pursuant to the provisions of Subsection F of this Section.

(3) Of the monies remaining after satisfaction of the requirements of Paragraphs (1) and (2) of this Subsection as determined by the secretary pursuant to Subsection H, the state treasurer is hereby authorized and directed to transfer the amount of thirty million dollars, or as much thereof as is available, from the state general fund to the Unfunded Accrued Liability and Specialized Educational Institutions Support Fund-Specialized Educational Institutions Account, which is established pursuant to R.S. 39:100.126. Each fiscal year, the transfer shall occur as

soon as is practicable, upon notification by the secretary of the Department of Revenue that revenues sufficient to provide for this distribution have been deposited into the treasury.

(4) Of the monies remaining after satisfaction of the requirements of Paragraphs (1) through (3) of this Subsection as determined by the secretary pursuant to Subsection H, the state treasurer is hereby authorized and directed to transfer from the state general fund to the Unfunded Accrued Liability and Specialized Educational Institutions Support Fund-UAL Account an amount equal to ten percent of the total remaining state sales tax revenues collected in and attributable to that fiscal year as a result of the activities of purchasing companies. The transfer shall occur no later than August tenth of each year."

AMENDMENT NO. 12

On page 5, at the beginning of line 13, change "(2)" to "H."

AMENDMENT NO. 13

On page 5, delete line 14 in its entirety and insert the following:

"Subsection G shall be evidenced by the amount of state sales tax revenue generated by the new taxable sales upon which"

Respectfully submitted,

Representative Joel C. Robideaux

Senator Neil Riser

Representative James R. Fannin

Senator Jack Donahue

Representative Katrina Jackson

Senator Robert Adley

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

CONFERENCE COMMITTEE REPORT DIGEST

House Bill No. 754 by Representative Robideaux

Keyword and oneliner of the instrument as it left the House

TAX/TAX REBATES: Authorizes the secretary of DED to enter into state sales and use tax rebate contracts with procurement processing companies which recruit purchasing companies to La.

Report adopts Senate amendments to:

1. Specify that "new taxable sales" shall not include taxable sales upon which tax would have been collected if the procurement processing company was not operating in Louisiana.
2. Change the name of the special treasury fund from "Specialized Educational Institutions Support Fund" to "Unfunded Accrued Liability and Specialized Educational Institutions Support Fund".
3. Increase the amount of state revenues to be annually deposited into the fund from \$16 million to \$27 million.
4. Add dedications of monies deposited each year into the fund in the amount of \$5 million each for the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center and for the Feist-Weiller Center of LSU Health Sciences Center-Shreveport.
5. Add a dedication of 50% of monies deposited into the fund each year for payments against the UAL.
6. Increase the dedication of monies deposited into the fund each year for Southern University Agricultural Research and Extension Center from \$1 million to \$2 million.
7. Add a requirement that the contract contain provisions whereby the parties acknowledge that any amounts paid to a procurement processing company under the contract shall not constitute an overpayment of taxes.

Report rejects Senate amendments which would have:

1. Dedicated 50% of state revenues available for deposit into the Unfunded Accrued Liability and Specialized Educational Institutions Support Fund for payments against the UAL.

Report amends the bill to:

1. Divide the Unfunded Accrued Liability and Specialized Educational Institutions Support Fund into two accounts: the UAL Account and the Institutions Account.
2. Increase the dedication for Southern University Agricultural Research and Extension Center from \$2 million to \$5 million.

3. Add a dedication for the payment of extra payments against the UAL to be funded with 10% of residual monies collected pursuant to proposed law which remain after the payment of rebates, the payment of administrative expenses of the department and the deposit into the Institutions Account.
4. Require the deposit of any residual monies in the Unfunded Accrued Liability and Specialized Educational Institutions Support Fund at the end of the fiscal year into the UAL Account rather than the state general fund.

Digest of the bill as proposed by the Conference Committee

Proposed law authorizes the secretary of the Dept. of Economic Development (DED) to enter into a contract with a procurement processing company which recruits purchasing companies to La. The contract shall provide for incentive rebate payments (hereinafter "rebates") in exchange for the generation of new state tax revenue from new taxable sales to a purchasing company which is managed by the procurement processing company.

Proposed law establishes the following requirements for the contract:

- (1) Contracts may have a term of up to 20 years, with authority for a renewal for an additional 20 years.
- (2) The amount of the rebates to be paid under the contract shall be established by the secretary of DED.
- (3) Rebate payments shall be based on the amount of new taxable sales which are certified by the secretary of DED as new taxable sales.
- (4) Rebates shall not constitute an overpayment of taxes.

Proposed law defines a "procurement processing company" as a company engaged in managing the activities of unrelated purchasing companies.

Proposed law defines "new taxable sales" as taxable sales of goods and services which sales are generated by operation of a procurement processing company in La. New taxable sales does not include taxable sales that would have occurred if the procurement processing company were not operating in La.

Proposed law defines "significant positive economic benefit" means that net positive state tax revenues are to be generated from new taxable sales.

Proposed law requires the secretary of the Dept. of Revenue (DOR) to pay rebates from the state tax revenue generated by the new taxable sales occurring in La. as a result of the operation of a procurement processing company in La. Further, DOR is authorized to recapture rebate amounts paid for any sales which are subsequently determine to be ineligible for certification as new taxable sales.

Proposed law authorizes rulemaking by DOR for purposes of proposed law.

Proposed law authorizes DOR to retain amounts necessary for administration of the provisions of proposed law from state tax collections resulting from new taxable sales.

Proposed law dedicates certain monies deposited into the state general fund which were generated from new taxable sales to the Unfunded Accrued Liability and Specialized Educational Institutions Support Fund (hereinafter "fund"). The fund is composed of two accounts: the UAL Account and the Institutions Account. Each fiscal year the state treasurer is required to transfer \$30 million per year into the Institutions Account, and to transfer into the UAL Account an amount equal to 10% of of residual monies collected pursuant to proposed law which remain after the payment of rebates, the payment of administrative expenses of the department and the deposit into the Institutions Account.

Proposed law provides that monies may be appropriated each fiscal year from the UAL Account for supplemental payments on the UAL which are in addition those required for the amortization schedule.

Proposed law provides that the following appropriations may be made each fiscal year from the Institutions Account:

- (1) \$5 Million for the La. Cancer Research Center of Health Sciences Center in New Orleans/Tulane Health Sciences Center
- (2) \$5 Million for the Feist-Weiller Center of LSU Health Sciences Center-Shreveport
- (3) \$10 Million for the LSU Agricultural Research and Extension Center
- (4) \$5 Million for the Pennington Biomedical Research Center
- (5) \$5 Million for the Southern Univ. Agricultural Research and Extension Center

Effective July 1, 2012.

(Adds R.S. 39:100.126 and R.S. 47:6301)